

Message Text

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ORIGIN EB-07

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OMB-01 CEA-01 COME-00 XMB-02 FRB-03 INT-05 OES-03

CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03 NSAE-00 PA-01

PRS-01 USIA-06 /128 R

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FM SECSTATE WASHDC

TO AMEMBASSY KUALA LUMPUR

LIMITED OFFICIAL USE STATE 166941

E.O. 11652: N/A

TAGS: EMIN, ETRD

SUBJECT: TIN

REF: (A) LONDON 7225; (B) LONDON 7169

1. ACTING ON HIS OWN AUTHORITY, INTERNATIONAL TIN COUNCIL (ITC) EXECUTIVE CHAIRMAN ALLEN (AUSTRALIAN NATIONAL) ON MAY 9 SUSPENDED ITC BUFFER STOCK MANAGER ADNAN (INDONESIAN NATIONAL) AND DEPUTY BUFFER STOCK MANAGER BUENO (BOLIVIAN). ALTHOUGH ITC HAS NEVER OFFICIALLY DISCLOSED REASON FOR SUSPENSIONS, WE UNDERSTAND FROM AUTHORITATIVE SOURCES THAT ALLEN ACTED AFTER RECEIVING EVIDENCE THAT ADNAN AND BUENO HAD USED THEIR OFFICIAL POSITIONS TO PERSONALLY PROFIT IN TIN MARKET. IN PAST WEEK OR TWO ADNAN AND
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BUENO HAVE BOTH RESIGNED THEIR ITC POSTS, REPORTEDLY AFTER CASH SETTLEMENT OF THEIR OUTSTANDING EMPLOYMENT CONTRACTS WITH ITC.

2. SUSPENSIONS BECAME A CONTENTIOUS ISSUE DURING RECENT UN TIN CONFERENCE TO NEGOTIATE FIFTH INTERNATIONAL TIN AGREEMENT (ITA). ITC MET ON SUSPENSIONS SEVERAL TIMES DURING NEGOTIATIONS, WITH ISSUE BECOMING A PRODUCER-CONSUMER CONFRONTATION (DESPITE FACT THAT ALLEN IS NATIONAL OF ITC PRODUCER MEMBER). PRODUCERS APPEARED PARTICULARLY UNHAPPY WITH ALLEN'S HANDLING OF AFFAIR, WHICH THEY FELT COULD HAVE BEEN HANDLED MORE DISCREETLY. THEY WERE ALSO UPSET BECAUSE BEFORE ANNOUNCING ADNAN-BUENO SUSPENSIONS ALLEN HAD CONSULTED ON HIS PROPOSED ACTION WITH ITC SECOND VICE CHAIRMAN (CANADIAN, REPRESENTING CONSUMERS), BUT NOT WITH ITC FIRST VICE CHAIRMAN (BOLIVIAN, REPRESENTING PRODUCERS). ALLEN CLAIMED HE HAD TRIED CONTACT FIRST VICE CHAIRMAN BEFORE ACTING, BUT WAS UNSUCCESSFUL IN REACHING HIM.

3. IN RECENT DAYS US TRADE PAPER "AMERICAN METAL MARKET" (AMM) HAS REPORTED THAT PRODUCER DISTASTE OVER HANDLING OF ADNAN-BUENO AFFAIR STILL LINGERS, AND THAT AS RESULT, AT LEAST TWO PRODUCERS, MALAYSIA AND BOLIVIA, HAVE DECIDED NOT RPT NOT TO SIGN NEW FIFTH ITA (WHICH CURRENTLY OPEN FOR SIGNATURE THROUGH APRIL 1976).

4. FIFTH ITA PROVIDES THAT IN ORDER FOR NEW TIN AGREEMENT TO COME INTO FORCE PROVISIONALLY OR DEFINITELY JULY 1, 1976 AS SCHEDULED IT MUST BE SIGNED AND RATIFIED BY AT LEAST SIX (OF SEVEN) PRODUCING COUNTRIES ACCOUNTING FOR 950 (OF 1,000 PRODUCER) VOTES AND BY AT LEAST NINE CONSUMING COUNTRIES ACCOUNTING FOR 300 (OF 1,000 CONSUMER) VOTES. UNDER NEW ITA MALAYSIA WOULD HOLD 426 VOTES, AND BOLIVIA 179 VOTES. THUS, EITHER COUNTRY COULD BY ITSELF PREVENT NEW ITA FROM COMING INTO FORCE BY REFUSING TO SIGN AGREEMENT (AS COULD INDONESIA AND THAILAND, HOLDING 138 AND 126 VOTES, RESPECTIVELY).

5. WASHINGTON REP OF MALAYSIAN TIN BUREAU (MTB) HAS CALLED DEPARTMENT TO DENY AMM REPORTS THAT MALAYSIA WILL LIMITED OFFICIAL USE
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REFUSE TO SIGN FIFTH ITA, SAYING HE HAD BEEN INFORMED BY HIS HEAD OFFICE IN KUALA LUMPUR THAT GOM PLANS TO ANNOUNCE EARLY SIGNATURE OF FIFTH ITA. IN THIS CONNECTION, MTB REP STATES THAT GOM MINISTRY OF PRIMARY INDUSTRY URGENTLY WISHES TO MAKE GOM POSITION ON NEW TIN AGREEMENT KNOWN TO SENIOR OFFICIALS OF EMBASSY KL, IN ORDER TO CORRECT ANY MISINTERPRETATIONS OF GOM POSITION ON FIFTH ITA THAT MAY EXIST AS RESULT OF AMM REPORTS.

6. ACTION REQUESTED: CHARGE REQUESTED SEEK EARLY APPOINTMENT WITH MINY OF PRIMARY INDUSTRIES SECRETARY GENERAL

TENGKU MOHAMED (WHO HEADED GOM DELEGATION TO UN TIN CONFERENCE) OR DEPUTY CHIEF SECRETARY BADRUDDIN TO DISCUSS GOM ATTITUDE TOWARD FIFTH ITA. MTB REP SUGGESTED IT MIGHT ALSO BE USEFUL IF DAVID H. DAVIDSON, CHAIRMAN OF MALAYSIAN TIN RESEARCH AND DEVELOPMENT BOARD (ALSO CHAIRMAN OF ANGLO-ORIENTAL MALAYSIA, LTD), WHO ALSO WAS ON MALAYSIAN TIN DELEGATION IN GENEVA, COULD BE INCLUDED IN MEETING, BUT WE LEAVE TO EMBASSY DISCRETION WHETHER TO SEEK INCLUSION OF DAVIDSON IN EMBASSY MEETING WITH GOM OFFICIALS. UNDERSTAND FROM MTB REP THAT SOME EMBASSY CONTACT WAS MADE WITH BADRUDDIN AT LOWER LEVEL BUT THAT MINISTRY DESIRES OPPORTUNITY TO DISCUSS MATTER AT CHARGE LEVEL.

7. SHOULD QUESTION OF POSSIBLE US MEMBERSHIP IN FIFTH ITA ARISE, EMBASSY SHOULD REPLY THAT USG HAS NOT RPT NOT REACHED ANY DECISION RE MEMBERSHIP IN FIFTH ITA. US DECISION WILL REQUIRE CAREFUL ANALYSIS OF FIFTH ITA, AND WILL INVOLVE CONSULTATIONS WITH US INDUSTRY AND WITH CONGRESS. WE ARE UNABLE AT THIS TIME TO ESTIMATE WHEN THE US WILL REACH A DECISION ON WHETHER OR NOT TO SIGN THE FIFTH ITA. INGERSOLL

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